

# **Schedule of Federal Audit Findings and Questioned Costs**

**Highline School District No. 401  
King County  
September 1, 2008 through August 31, 2009**

- 1. The District did not have adequate internal controls to ensure the accuracy of unexcused absence rates reported to the state.**

<b>CFDA Number and Title:</b>	84.010 Title 1, Part A
<b>Federal Grantor Name:</b>	U.S. Department of Education
<b>Federal Award/Contract Number:</b>	NA
<b>Pass-through Entity Name:</b>	Office of Superintendent of Public Instruction
<b>Pass-through Award/Contract Number:</b>	NA
<b>Questioned Cost Amount:</b>	\$0

## **Background**

The objective of the Title I program is to improve the teaching and learning of children who are at risk of not meeting state academic standards and who reside in areas with high concentrations of children from low-income families. In fiscal year 2009, the District spent \$4,211,992 in Title I grant money.

Federal regulations require all school districts to review their schools annually to determine whether they are making adequate yearly progress. A district must identify for improvement any school that fails to make adequate yearly progress, as defined by the Office of Superintendent of Public Instruction (OSPI), for two consecutive school years.

To make adequate yearly progress, a district must meet state benchmarks, such as:

- Washington Assessment of Student Learning test participation rates (for continuously enrolled students) must be at least 95 percent.
- A high school graduation rate of at least 66 percent.
- An unexcused absence rate of 1 percent or less for middle and elementary schools.

Schools are responsible for ensuring accurate test, enrollment, graduation and unexcused absence data is submitted to OSPI.

## **Description of Condition**

For the 2008-2009 school year, the District lacked sufficient internal controls to ensure accurate reporting of unexcused absences. The District did not have consistent procedures for each school. At two of the three schools we examined in the prior audit,

we found data entry errors. We also found these schools did not retain documentation on absences beyond the end of the school year. We reported this as a finding in the prior audit. Due to the timing of that audit, the District was unable to make the necessary changes to its internal controls for the 2008-2009 school year. Therefore, the finding is repeated.

### **Cause of Condition**

During our audit of the data collection requirements, we noted:

- The District did not have a policy requiring documentation on unexcused absences be retained as required by federal regulations.
- The District did not have sufficient monitoring over recording of excused and unexcused absences to ensure consistent and accurate reporting.

### **Effect of Condition**

Without adequate internal controls or records, we cannot determine whether the data reported to OSPI is accurate. If erroneous data is reported, OSPI could reach an incorrect determination on whether the District is meeting adequate yearly progress requirements. Should a district fail to meet the requirements, federal regulations impose additional compliance requirements.

### **Recommendation**

We recommend the District:

- Establish internal controls to ensure compliance with federal grant requirements.
- Keep adequate documentation on how it determines an absence is excused or unexcused.
- Establish and follow centralized monitoring of the recording of excused and unexcused absences.

The District has represented that appropriate changes to its controls have been made for the 2009-2010 school year and beyond. We will review the District's new controls in the next audit.

### **District's Response**

*Our district has used our student records system (SASI and eSIS) to record and document absences in accordance with regulations from the Office of Superintendent of Public Instruction. Each year, we work with our attendance staff to ensure that they are current on any changes to rules or regulations from OSPI. This includes the recording of excused and unexcused absences. In addition, our staff are well trained to use the Local Government Records Retention Schedule for School Districts and Educational Service Districts as provided by the Washington State Archives of the Office of the Secretary of State. In the July 2008 version 7, page 9, item #2 **Absence Excuse** it indicates that the primary source document (parent notes) must be retained for the*

current school year. When each school was asked what procedure they use for determining records retention, specifically regarding this exception, many referenced their using this manual for direction. Parent notes are not retained in a consistent manner in this district as a result of this manual direction. We believe, however, that the information necessary to verify student attendance and whether a student's absence is excused or unexcused is documented in an acceptable form in our schools. In addition, we do not agree with the auditor's assumption regarding "sufficient monitoring" over recording of our absences. There are several sets of eyes viewing this data including the principal, the enrollment management staff at central office and support from our student records team. **Enrollment and the associated reporting of our absences are of high value to us and a responsibility taken very seriously.**

As a result of this exception, last year (received in late April), the district reviewed its policies and practices surrounding both the retention of parent notes, related supporting documentation of excused and unexcused absences and the recording of this information in our student records system in preparation for the 2009-10 school year. In addition, we provided more guidance to school supervisors and principals around the expectations for monitoring of absence documentation and reporting. We were surprised that we received this audit finding for the 2008-09 year since we were unable to implement changes due to the late notice from the auditors on this issue.

### **Auditor's Remarks**

We thank the District for taking quick action to resolve this matter. We will review the changes the District has made in our next audit to determine if they sufficiently reduce the risk of non-compliance with this requirement.

### **Applicable Laws and Regulations**

U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, Subpart C, section 300 -- Auditee responsibilities, states in part:

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Washington Office of Superintendent of Public Instruction, Bulletin 041-08, states in part:

As part of the federal "No Child Left Behind" legislation, the Office of Superintendent of Public Instruction (OSPI) is required to collect information on unexcused absences from all schools offering Grades 1–8. This information is used to help determine if elementary and middle schools make adequate yearly progress (AYP) as part of the Title I accountability system . . .

An unexcused absence means a student has not attended a majority of hours or periods in a school day and has not met the conditions for an excused absence (RCW 28A.225.020).

Revised Code of Washington 28A.225.020 - School's duties upon child's failure to attend school, states:

(1) If a child required to attend school under RCW 28A.225.010 fails to attend school without valid justification, the public school in which the child is enrolled shall:

(a) Inform the child's custodial parent, parents, or guardian by a notice in writing or by telephone whenever the child has failed to attend school after one unexcused absence within any month during the current school year. School officials shall inform the parent of the potential consequences of additional unexcused absences;

(b) Schedule a conference or conferences with the custodial parent, parents, or guardian and child at a time reasonably convenient for all persons included for the purpose of analyzing the causes of the child's absences after two unexcused absences within any month during the current school year. If a regularly scheduled parent-teacher conference day is to take place within thirty days of the second unexcused absence, then the school district may schedule this conference on that day; and

(c) Take steps to eliminate or reduce the child's absences. These steps shall include, where appropriate, adjusting the child's school program or school or course assignment, providing more individualized or remedial instruction, providing appropriate vocational courses or work experience, referring the child to a community truancy board, if available, requiring the child to attend an alternative school or program, or assisting the parent or child to obtain supplementary services that might eliminate or ameliorate the cause or causes for the absence from school. If the child's parent does not attend the scheduled conference, the conference may be conducted with the student and school official. However, the parent shall be notified of the steps to be taken to eliminate or reduce the child's absence.

(2) For purposes of this chapter, an "unexcused absence" means that a child:

(a) Has failed to attend the majority of hours or periods in an average school day or has failed to comply with a more restrictive school district policy; and

(b) Has failed to meet the school district's policy for excused absences.

(3) If a child transfers from one school district to another during the school year, the receiving school or school district shall include the unexcused absences accumulated at the previous school or from the previous school district for purposes of this section, RCW 28A.225.030, and 28A.225.015.

Title 34, Code of Federal Regulations, Section 80.42 - Retention and access requirements for records, states in part:

(a) Applicability.

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(b) Length of retention period.

(1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.

Title 20, United States Code, Section 6316: (a) LOCAL REVIEW-(1) IN GENERAL - Each local educational agency receiving funds under this part shall:

(A) use the State academic assessments and other indicators described in the State plan to review annually the progress of each school served under this part to determine whether the school is making adequate yearly progress as defined in section 1111(b)(2) . . . .

Title 20, United States Code, Section 6311(h) (2) (d), states:

A local educational agency or school shall only include in its annual local educational agency report card data that are sufficient to yield statistically reliable information, as determined by the State, and that do not reveal personally identifiable information about an individual student.

# Schedule of Prior Federal Audit Findings

## Highline School District No. 401 King County September 1, 2008 through August 31, 2009

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Highline School District No. 401. The State Auditor's Office has reviewed the status as presented by the District.

<b>Audit Period:</b> 9/1/2007 – 8/31/2008	<b>Report Reference No:</b> 1001533	<b>Finding Reference No:</b> 1	<b>CFDA Number(s):</b> 20.106
<b>Federal Program Name and Granting Agency:</b> Airport Improvement Program – U.S. Department of Transportation, Federal Aviation Administration		<b>Pass-Through Agency Name:</b> Port of Seattle	
<b>Finding Caption:</b> The District did not have adequate controls in place to ensure compliance with Davis-Bacon Act requirements.			
<b>Background:</b> <p>The District spent \$1,747,834 in federal Airport Improvement Program funds (CFDA 20.106) during 2007-2008. Of this amount, \$1,747,834 was spent on construction costs for the Midway Elementary School Noise Reduction projects.</p> <p>The Airport Improvement Program is subject to the Davis-Bacon Act, which requires prevailing wages to be paid to all laborers and mechanics working on grant funded projects.</p> <p>Grant recipients must include in their construction contracts a requirement that the contractor or subcontractor comply with the Davis-Bacon Act. This includes a requirement for the contractor or subcontractor to submit to the grantee a weekly copy of the payroll and a statement of compliance (certified payrolls).</p> <p>We found the District did not have adequate internal controls in place to ensure the Davis-Bacon Act requirements were met; it could not provide documentation to verify weekly certified payroll reports submitted by the contractor were reviewed by the District prior to payment. We noted certified payroll documentation was missing for each pay application submitted by the contractor for a total of 1,747.00 paid to the contractor.</p>			
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between;"> <span>X Fully Corrected</span> <span><input type="checkbox"/> Partially Corrected</span> <span><input type="checkbox"/> No Corrective Action Taken</span> <span><input type="checkbox"/> Finding is considered no longer valid</span> </div>			
<b>Corrective Action Taken:</b> <i>Several District staff met with the Port of Seattle to review process and procedures for verification of certified payroll per Davis Bacon. Working with the contractor all documents have now been received for the Midway Elementary School project.</i>			

*For Parkside and all future projects, the Construction Assistant assigned to the project is responsible for the verification of certified payroll. At the beginning of the project the district meets with the General Contractor's accountant or designee to review the requirements, forms and procedures for certified payroll. When certified payroll is received the following information is verified:*

- *Intent is filed*
- *Company information*
- *Employee information*
- *Employee job title*
- *Wage rate and fringe benefits*
- *Weeks/Hours reported*

*The Construction Assistant generates a spreadsheet to track the above information for the general contractor and each subcontractor. The spreadsheets are kept in a project binder and the binders are kept in a locked cabinet. The list is updated each month signed by the Project Manager and attached to the monthly pay application. No payment is made until the required information is verified and accurate.*

*For all projects requiring conformance with Davis Bacon, monthly site visits are made by district staff to spot check certified payroll information. The information collected is documented on a spreadsheet. These spreadsheets are kept in a project binder. The information collected includes:*

- *Name of District Interviewer*
- *Date*
- *Name of General Contractor*
- *Name of Subcontractor*
- *Employee Name*
- *Job Class*
- *Current Duties*
- *Stated Wages*
- *Recorded Wages*
- *L&I Rates*
- *Davis Bacon Rates*
- *Differences*
- *Comments*

*The District has worked hard to improve the certified payroll process and believes that all guidelines and regulations are being followed.*

<b>Audit Period:</b> 9/1/2007 – 8/31/2008	<b>Report Reference No:</b> 1001533	<b>Finding Reference No:</b> 2	<b>CFDA Number(s):</b> 84.010
<b>Federal Program Name and Granting Agency:</b> Title 1, Part A – U.S. Department of Education		<b>Pass-Through Agency Name:</b> Office of Superintendent of Public Instruction	

**Finding Caption:**

The District did not have adequate internal controls to ensure the accuracy of unexcused absence rates reported to the state.

**Background:**

The Title I program (CFDA 84.010) provides financial assistance to schools with high numbers or percentages of low-income students to help ensure they meet state academic achievement standards. In fiscal year 2008, the District spent \$3,140,943 in Title I grant funds.

Federal regulations require all school districts to annually review their schools to determine whether they are making adequate yearly progress. A district must identify for improvement any school that fails to make adequate yearly progress, as defined by the Office of Superintendent of Public Instruction (OSPI), for two consecutive school years.

To make adequate yearly progress, a district must meet state benchmarks, such as:

- Washington Assessment of Student Learning test participation rates (for continuously enrolled students) must be at least 95 percent.
- A high school graduation rate of at least 66 percent.
- An unexcused absence rate of one percent or less for middle and elementary schools.

Schools are responsible for ensuring that accurate test, enrollment, graduation and unexcused absence data is submitted to OSPI.

We tested three schools (Parkside Elementary, McMicken Heights Elementary and Cedarhurst Elementary) and found the internal controls at Parkside Elementary and McMicken Heights Elementary schools were not sufficient to ensure unexcused absence rate reporting was accurate. The District serves approximately 11,045 elementary school students in total. Parkside and McMicken serve approximately 555 and 474 students, respectively.

The District reported to OSPI 38 and 88 unexcused absences during the 2007-2008 school year for Parkside Elementary School and McMicken Heights Elementary School. We could not determine the actual unexcused absence rate because the schools had not maintained their supporting records.

**Status of Corrective Action: (check one)**

<input type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input checked="" type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid
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**Corrective Action Taken:**

*Chief Accountability Officer, Dr. Alan Spicciati and Technology Director, Mark Finstrom have addressed internal controls and processes surrounding unexcused absence entry and follow up with parents/guardians. During the 2007-2008 school year, Highline Public Schools began a district transition from site-based student information system to district-based student information management.*

*As part of the process, new procedures, documentation, meetings and recommendations have been passed down to building-level administrators, office managers and numerous other building personnel. Regular monthly meetings with Office Managers and Registrars are used to address issues related to new and existing regulations, answer questions related to software use and to supply guidance where needed. Mark Finstrom and his staff have trained end users and addressed the changes to and processes for school building personnel to follow in their*



accounting of student attendance and recording of information in accordance with state law. For the Office Managers and Registrars, the Department of Technology supplied the following:

- Sample log sheets with required fields for use when contacting parents/guardians
- Timeline for entering absence data into student information system, within 24 hours
- Documentation on what is required for retainage of information i.e., notes, logs etc.
- Timelines for escalating intervention with Counselors, Principals and the Truancy Department
- How to document excessive absences
- How to make corrections in the student information system
- Requirements related to communication with parents/guardians and the tools to do so, including documenting correspondence (phone, letter, auto dialer, in person)

In August of 2009, a specific training for building administrators was conducted by Dr. Spicciati and Mark Finstrom. Items covered included the following:

- Principals were provided with documentation on how to record/document all excuses
- How, where and why they are to keep three years' worth of absenteeism documentation
- That school personnel can question parent excuses when absences constitute a pattern

Dr. Alan Spicciati chairs a Standard Operating Procedures (SOP) group which is further documenting the business process changes that the district has encountered since the initial change in student information system packages. The SOPs are being refined to be in accordance with State of Washington laws and United States Department of Education guidelines.

Finally, as an additional step in the recording of student absences, the district has purchased, implemented and trained school personnel on the use of an automated dialer that daily calls parents/guardians who have a student that has an unexcused absence in the new student information system. The message provides guidance to the responsible adult to provide the school with documentation that either substantiates the student's absence, providing documentation that this was an excused absence, or provides the district with additional data on the unexcused absence. This data is used with parent notes, call logs and district protocols to account for students correctly.